

HONOLULU STAR BULL

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Rewald's CIA Link Est FBI Takes Classified Documents

By Charles Memminger
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With acknowledgment by the U.S. Attorney's office yesterday that some "classified" documents were found in Bishop, Baldwin, Rewald, Dillingham & Wong's files, discussions have now changed from "whether" Ronald R. Rewald worked for the CIA to how extensive his involvement with the agency was.

U.S. Judge Martin Pence yesterday appointed an FBI agent with national security clearance to take custody of six packets of classified documents found by CIA and FBI agents who sifted through a mountain of records from the company.

Pence also ordered bankruptcy trustee Thomas Hayes to turn over any copies of a classified document "presently in his possession" and for Rewald's attorney, Brook Hart, to turn over any copies of classified material he might have.

Hayes said he would turn over the document, which is a letter Rewald sent earlier this year to Jack Rardin, head of the CIA office here.

In the letter, Rewald asked that the CIA intervene in an Internal Revenue Service investigation of Rewald's tax liabilities, pointing out that the investigation would hurt Rewald's "cover," Hayes said.

HAYES SAID the letter was "something the CIA had obviously missed," when agents went through the files three weeks ago. Hayes found the letter after all of the records were returned to him. He gave the original letter to the CIA reviewing team on Aug. 24, he said, but kept a copy of it.

Hayes said he believes Rewald was merely a "bit player" for the CIA and that the company may have been used as a CIA "mail drop."

Rewald is under criminal investigation by the IRS, and a federal magistrate recently gave IRS investigators the power to

seize Rewald's financial records.

Hayes said Rewald's CIA connection has nothing to do with the fact that he apparently misused millions of dollars of investors' money.

"There is nothing in the letter that would indicate any link between his role as a CIA mail drop and any of his activities involving investors," Hayes said yesterday.

Police sources who have been investigating Rewald and his bankrupt company also have said they suspect Rewald only had a minor role with the CIA, possibly passing information on to John Kindschi, the former head of the CIA office here who worked as one of Rewald's consultants after retiring.

BUT A FORMER consultant to Rewald, who asked not to be named because of possible pending litigation, said he believes Rewald had a more important role. He said classified informa-

tion came into the office and was passed on to both Kindschi and Rardin. Some of the classified information was transported by Sue Wilson, the company's former office manager who allegedly had been employed by the National Security Agency, sources said.

Because Rewald's CIA relationship is now public, the consultant said he hopes it will have an affect on Rewald's case.

"It should have the effect of slowing down things from the hysterical atmosphere of the past," he said.

He said he hoped the CIA now would be "more reflective on what it should do."

"Their initial reaction was to deny everything," he said. "Now there is certain information available they are going to have to make a big decision about what to do."

U.S. ATTORNEY Daniel Bent would not comment on what the classified documents were that were found in Rewald's files.

He said the court-appointed security officer will make copies of the documents under court seal and distribute copies to his office and to the CIA. An affidavit will then be prepared telling the court why the documents should remain under seal.

At Bent's suggestion, Judge Pence appointed FBI special agent Robert L. Heafner as an interim court security officer to take custody of the classified material.

Bent said the discovery of the documents has not affected the

criminal investigation of Rewald.

"The FBI is continuing its investigation," he said.

THE HUNT for classified material began after attorney Hart turned over to the court 18 boxes and two garbage bags of records that had been taken from Bishop, Baldwin, Rewald, Dillingham & Wong's offices

after Rewald's suicide attempt.

Hart took the action after he saw certain documents that he thought should be reviewed by someone with national security clearance.

Hart said last night he apparently did the right thing in light of the U.S. Attorney's action yesterday. He said he could not discuss what Rewald has told him about his connection with

the CIA because it would violate his attorney-client privilege.

As for the court order directing him to turn over any copies of classified documents he might have, Hart said, "There is nothing to turn over. We don't have any copies."

Rewald's civil attorney, Robert Smith, said he had no comment to make about the discovery of the classified material.

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He did say, however, that talks have resumed between him and Hayes about the release of Rewald from prison temporarily to allow him to help try to find company assets.

REWALD HAS BEEN in jail in lieu of \$10 million bail since being charged with two counts of theft of investors' money.

One of those charges, ironically, stemmed from a statement given to police by the former CIA office head Kindschi. Kindschi told police he lost \$200,000 in the company.

Investors continue to file claims in U.S. Bankruptcy Court. Total claims now surpass \$5 million. Hayes has testified in court that investors probably put between \$10 and \$12 million in Rewald's company.